



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Peter R. Orszag, Director

June 11, 2008

Honorable Judd Gregg
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Senator:

As you requested, enclosed are CBO estimates of the costs of the provisions of S. 3101, the Medicare Improvements for Patients and Providers Act of 2008, as introduced on June 6, 2008.

As you noted in your request letter, some of the provisions of the introduced bill are incomplete: there are some elements that are necessary to producing a cost estimate for the bill that are not included in the current language. In addition, a number of elements in the bill are bracketed and thus could be considered subject to change.

The enclosed table contains estimates for those provisions of the bill for which we can estimate the costs, but does not include a CBO estimate for the total cost of the bill since the introduced version has blanks for some of the values for key provisions. For the purposes of these estimates, CBO assumed that all bracketed language would have full force and effect.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Tom Bradley.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter R. Orszag'.

Peter R. Orszag

Enclosure

cc: Honorable Kent Conrad
Chairman

Honorable Judd Gregg
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Honorable Max Baucus
Chairman
Committee on Finance

Honorable Charles E. Grassley
Ranking Member

CBO Estimates of Provisions in S. 3101, the Medicare Improvements for Patients and Providers Act of 2008, as introduced on June 6, 2008. Estimates assume inclusion of text in brackets.

Figures are outlays, by fiscal year, in BILLIONS of dollars.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008- 2013	2008- 2018
CHANGES IN DIRECT SPENDING													
TITLE I - MEDICARE													
Subtitle A. Beneficiary Improvements													
PART I - PREVENTION, MARKETING, AND QUALITY IMPROVEMENT													
101 Improvements to coverage of preventive services.	0.0	0.0	0.1	0.3	0.5	0.5	0.6	0.8	0.9	1.0	1.2	1.4	5.9
102 Elimination of discriminatory copayment rates for medicare outpatient psychiatric services.	0.0	0.0	0.0	0.1	0.1	0.2	0.4	0.5	0.5	0.5	0.6	0.5	3.0
103 Prohibitions and limitations on certain sales and marketing activities under Medicare Advantage plans and prescription drug plans.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
104 Improvements to the Medigap program.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PART II - LOW-INCOME PROGRAMS													
111 Extension of qualifying individual (QI) program through December 31, 2009.													
Medicaid	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicare	0.0	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
112 Application of full LIS subsidy assets test under Medicare Savings Program.	0.0	0.1	0.2	0.3	0.4	0.7	0.8	0.9	1.1	1.3	1.4	1.6	7.0
113 Eliminating barriers to enrollment.			--- Included in the estimate for section 112 ---									0.0	0.0
114 Elimination of Medicare part D late enrollment penalties paid by subsidy eligible individuals.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
115 Eliminating application of estate recovery.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
116 Exemptions from income and resources for determination of eligibility for low-income subsidy.			--- Included in the estimate for section 112 ---									0.0	0.0
117 Judicial review of decisions of the Commissioner of Social Security under the Medicare part D low-income subsidy program.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
118 Translation of model form.			--- Included in the estimate for section 112 ---									0.0	0.0
119 Medicare enrollment assistance.			--- Included in the estimate for section 112 ---									0.0	0.0

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008- 2013	2008- 2018
Subtitle B. Provisions Relating to Part A													
121 Expansion and extension of the Medicare Rural Hospital Flexibility Program.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
122 Rebasing for sole community hospitals.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3
123 Demonstration project on community health integration models in certain rural counties.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
124 Extension of the reclassification of certain hospitals.	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
125 Revocation of unique deeming authority of the Joint Commission.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtitle C. Provisions Relating to Part B													
PART I - PHYSICIANS' SERVICES													
131 Physician payment, efficiency, and quality improvements.	sum of next four lines												
Physician Payment	1.5	5.7	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4	9.4
Revision to PAQI Fund	0.0	0.0	0.0	0.0	0.0	-3.2	-1.8	0.0	0.0	0.0	0.0	-3.2	-5.0
Extension of PQRI bonus	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Beneficiary Premium Protection	Language incomplete												
132 Incentives for electronic prescribing.	0.0	0.0	0.1	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.4	-1.7
133 Expanding access to primary care services.	sum of next three lines												
133a Expanding Access to primary care services - physician scarcity areas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3
133b Expanding Access to primary care services - Revisions to Medical Home Demo	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
133c Primary care: Budget-neutrality adjustment to CF	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
134a Extension of floor on Medicare work geographic adjustment under the Medicare physician fee schedule.	0.1	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
134b Floor for Work GPCI for Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
135 Imaging provisions.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
136 Extension of treatment of certain physician pathology services under Medicare.	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
137 Accommodation of physicians ordered to active duty in the Armed Services.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
138 Adjustment for Medicare mental health services.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
139 Improvements for Medicare anesthesia teaching programs.	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.5

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008- 2013	2008- 2018
PART II - OTHER PAYMENT AND COVERAGE IMPROVEMENTS													
141 Extension of exceptions process for Medicare therapy caps.	0.1	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.2
142 Extension of payment rule for brachytherapy and therapeutic radiopharmaceuticals.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
143 Speech-language pathology services.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
144 Payment and coverage improvements for patients with chronic obstructive pulmonary disease and other conditions.	0.0	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3	-0.9	-2.1
145 Revision of payment for power-driven wheelchairs.	0.0	-0.3	-0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.6	-0.8
146 Clinical laboratory tests.	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.6	-2.0
147 Improved access to ambulance services.	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
148 Extension and expansion of the Medicare hold harmless provision under the prospective payment system for hospital outpatient department (HOPD) services for certain hospitals.	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
149 Clarification of payment for clinical laboratory tests furnished by critical access hospitals.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.3
150 Adding certain entities as originating sites for payment of telehealth services.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
151 MedPAC study and report on improving chronic care demonstration programs.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
152 Increase of FQHC payment limits.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
153 Kidney disease education and awareness provisions.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
154 Renal dialysis provisions.	sum of next two lines												
154a Renal dialysis provisions - - Part B	0.0	0.0	0.1	-0.1	-0.1	0.0	0.1	0.2	0.3	0.5	0.6	-0.1	1.5
154b Renal dialysis provisions - - Part D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Subtitle D. Provisions Relating to Part C													
161 Phase-out of indirect medical education (IME; 0.65 points per year).	0.0	0.0	-0.7	-2.9	-3.8	-5.2	-5.9	-6.5	-7.6	-7.7	-7.6	-12.6	-47.9
162 Revisions To requirements for Medicare Advantage private fee-for-service plans.	included in estimate for section 161												
163 Revisions to quality improvement programs.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
164 Revisions relating to specialized Medicare Advantage plans for special needs individuals.	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.2	0.5
165 Limitation on out-of-pocket costs for dual eligibles and qualified medicare beneficiaries enrolled in a specialized Medicare Advantage plan for special needs individuals.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
166 Adjustment to the Medicare Advantage stabilization fund.	0.0	0.0	0.0	0.0	0.0	-1.3	-0.4	0.0	0.0	0.0	0.0	-1.3	-1.8
167 Access to Medicare reasonable cost contract plans.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
168 MedPAC study and report on quality measures.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
169 MedPAC study and report on Medicare Advantage payments.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtitle E. Provisions Relating to Part D													
PART I - IMPROVING PHARMACY ACCESS													
171 Prompt payment by prescription drug plans and MA–PD plans under part D.	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.7
172 Submission of claims by pharmacies located in or contracting with long-term care facilities.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
173 Regular update of prescription drug pricing standard.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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PART II - OTHER PROVISIONS													
175 Inclusion of barbiturates and benzodiazepines as covered part D drugs.	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	1.3
176 Formulary requirements with respect to certain categories or classes of drugs.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtitle F. Other Provisions													
181 Use of part D data.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
182 Revision of definition of medically accepted indication for drugs.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
183 Contract with a consensus-based entity regarding performance measurement.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
184 Cost-sharing for clinical trials.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
185 Addressing health care disparities.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
186 Demonstration to improve care to previously uninsured.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
187 Office of the Inspector General report on compliance with and enforcement of national standards on culturally and linguistically appropriate services (CLAS) in Medicare.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
188 Medicare Improvement Funding.	Sum of next two lines												
188a Medicare Improvement Fund	Language incomplete												
188b Implementation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
TITLE II - MEDICAID													
201 Extension of transitional medical assistance (TMA) and abstinence education program.	0.0	0.6	0.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
202 Medicaid DSH extension.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
203 Pharmacy reimbursement under Medicaid.	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
204 Administrative review of disallowances of Federal financial participation under Medicaid.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
102 Mental Health Parity - Medicaid Offset	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2

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TITLE III - MISCELLANEOUS													
301 Extension of TANF supplemental grants through fiscal year 2009.	0.0	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
302 70 percent federal matching for foster care and adoption assistance for the District of Columbia.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
303 Extension of Special Diabetes Grant Programs.	0.0	0.0	0.1	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
304 IOM reports on best practices for conducting systematic reviews of clinical effectiveness research and for developing clinical protocols.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interactions													
Medicare Advantage interactions	0.0	0.0	0.9	0.1	0.1	-1.0	-0.5	0.2	0.3	0.3	0.4	0.1	0.9
Premium interactions	0.0	-2.2	-1.1	-0.2	0.0	0.9	0.4	-0.2	-0.3	-0.4	-0.5	-2.6	-3.6
132 eRx - Part D Interaction	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.8

Note: The estimates assume that text in brackets would be included in the legislation. The amounts to be transferred to the SMI trust fund (sec. 131) and to be made available to the Medicare Improvement Fund (sec. 188) have not been specified. Specifying those amounts would affect the estimated interactions with payments to Medicare Advantage plans and with premiums.